

## Message Text

CONFIDENTIAL

PAGE 01 KATHMA 02710 050718Z

21

ACTION NEA-16

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 OMB-01 AID-20 IO-14 PC-10 COME-00 EB-11

TRSE-00 DRC-01 /148 W

----- 015853

R 050354Z JUL 74

FM AMEMBASSY KATHMANDU

TO SECSTATE WASHDC 8798

INFO AMEMBASSY NEW DELHI

USUN NEW YORK 181

C O N F I D E N T I A L KATHMANDU2710

E.O. 11652: GDS

TAGS: PDEV, EAID, NP, UN,

SUBJECT: MOVEMENT COALESCING TO RESTRICT FOREIGN ADVISORS

REF: KATHMANDU 2577 (NOTAL)

SUMMARY: A MOVEMENT IS APPARENTLY AFOOT WITHIN HMG, SPEARHEADED BY FOREIGN-TRAINED TECHNOCRATS, TO RESTRICT THE PREROGATIVES OF FOREIGN EXPERTS RESIDENT IN NEPAL . HIS MAJESTY HAS MADE PUBLIC IF OBLIQUE REFERENCES TO THIS EMERGING POLICY, WHICH WOULD INDICATE THAT THE MOVEMENT HAS RECEIVED SOME ATTENTION AT THE HIGHEST LEVEL. IMPLICATIONS FOR USAID STAFFING ARE NOT AS YET CLEAR, BUT WE HAVE MADE CLEAR WE WOULD STRONGLY OBJECT TO ANY UNILATERAL ACTION ON PART OF GON. END SUMMARY.

1. DURING HIS SPEECH FROM THRONE JUNE 24 (REFTEL) KING BIRENDRA SAID, INTER ALIA, "SPECIAL ATTENTION WILL ALSO BE GIVEN TO THE NEED OF UTILIZING, AS FAR AS POSSIBLE, INDIGENOUS RESOURCES AND KNOW-HOW IN THE IMPLEMENTATION OF FOREIGN AIDED PROJECTS." THIS SOMEWHAT CRYPTIC REFERENCE HAD BEEN PRECEDED TWO DAYS EARLIER BY FRONT-PAGED ARTICLE IN SEMI-OFFICIAL RISING NEPAL WHICH CITED "RELIABLE SOURCE" AS STATING THAT "NEED OF HOUR IS TO MAKE BEST  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 KATHMA 02710 050718Z

USE OF FOREIGN AID...BY MAKING USE OF LOCAL RESOURCES AND MANPOWER."

SOURCE ADDED THAT HMG "IS GIVING SERIOUS CONSIDERATION TO EFFECT SOME CHANGES IN CUSTOMS FACILITIES GIVEN TO FOREIGN CONSULTANTS IN NEPAL" STATING THAT OBJECTIVE WAS TO MAKE LIFE STYLE OF FOREIGN EXPERTS CONGENIAL TO THE "SACRED" TASK OF DEVELOPMENT AND BRING THEIR WAY OF LIVING IN LINE WITH THE LOCAL INTELLECTUALS AND RESIDENTS. COMMENTING ON THIS EDITORIAL NEXT DAY, RISING NEPAL SAID "WHAT GOVERNMENT HAS IN MIND IS SOME NOVEL DEPARTURE FROM ESTABLISHED PATTERNS OF AID ADMINISTRATION IN THIS COUNTRY" BUT CONCEDED "IT HAS TO BE ADMITTED THAT AS WITH ALL NOVEL AND EXPERIMENTAL APPROACHES NO FINAL ASSESSMENT CAN BE MADE RIGHT AT THE START."

3. FOR SOME WEEKS PRIOR TO THESE PUBLIC DISCLOSURES, STATE MINISTER FOR FINANCE BHEKH BAHADUR THAPA HAD PRIVATELY BEEN DISCUSSING WITH USAID DIRECTOR, UNDP ACTING RESREP, AND PRESUMABLY OTHER FOREIGN ASSISTANCE PRINCIPALS, MEANS OF MAKING PRESENCE OF FOREIGN ADVISORS LESS VISIBLE AND OSTENTATIOUS; AND WAYS OF CONTROLLING LEAKS OF IMPORTED ITEMS ONTO THE BLACK MARKET. WE UNDERSTAND ONE MEASURE GON CONSIDERING IS REDUCTION OF IMPORT RIGHTS OF UN TECHNICIANS FROM \$2000 P.A. TO \$500 P.A.

4. COMMENT: AS BEST WE CAN DETERMINE, THIS MOVEMENT SEEMS TO BE SPEARHEADED BY FOREIGN TRAINED NEPALESE TECHNOCRATS, WITH BHEKH THAPA IN THE LEAD POSITION, WHO WANT TO ASSERT NEPALESE CAPABILITIES IN FACE OF INTRUSIVE EXTERNAL TECHNICAL ASSISTANCE. IMPLICATIONS FOR USAID ARE NOT AS YET CLEAR, BUT KING'S REFERENCE WOULD SEEM TO INDICATE THAT AT LEAST SOME ASPECTS OF ISSUES RELATING TO FOREIGN TECHNICIANS HAVE BEEN TAKEN UP WITH HIM. UNDP ACTING RESREP IS SUFFICIENTLY CONCERNED TO HAVE REQUESTED INSTRUCTIONS AND HAS MADE STRONG REPRESENTATIONS AT FOREIGN OFFICE ASSERTING RIGHTS OF UN RESIDENT EXPERTS, FLAGGING ADVERSE IMPACT PROPOSED CHANGES WOULD HAVE ON UN PROGRAMS, AND INSISTING ON RIGHT OF UN TO BE CONSULTED BEFORE CHANGES ARE MADE IN EXISTING ARRANGEMENTS. UK AMBASSADOR SCOTT TOLD AMBASSADOR HE HAS DISCUSSED PRIVILEGES QUESTION WITH BHEKH THAPA AND HAS ALSO STRESSED UK DESIRE TO BE CONSULTED ON ANY CONTEMPLATED NEW MEASURES.

5. IN OUR DISCUSSIONS OF THIS ISSUE WITH GON OFFICIALS WE HAVE  
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 KATHMA 02710 050718Z

MADE CLEAR THAT WE WOULD STRONGLY OBJECT TO ANY UNILATERAL REDUCTION OF PRIVILEGES. BILATERAL AGREEMENT GOVERNING OUR AID PRESENCE HAS CLEAR REQUIREMENT FOR PRIOR CONSULTATION AND WE WOULD EXPECT THIS AS MINIMUM. WE ALSO HAVE DRAWN ATTENTION TO ADVERSE IMPACT THIS DEVELOPMENT WOULD HAVE ON RECRUITMENT OF TALENTED TECHNICAL ADVISORS AND HAVE POINTED OUT THAT THIS IS WORST POSSIBLE WAY OF DEALING WITH ANY DIFFICULTIES GON MAY PERCEIVE WITH NUMBERS AND QUALITY OF TECHNICAL ADVISORS NOW

WORKING IN NEPAL.

6. WITH REGARD TO PROBLEM OF ILLEGAL DIVERSION OF DUTY FREE  
GOODS, AMERICAN MISSION ASSOCIATION, WHICH RUNS COMMISSARY AND  
OTHER FACILITIES, HAS ALREADY TIGHTENED PROCEDURES AND  
IMPOSED RATIONING SYSTEM TO REDUCE POSSIBILITY OF DIVERSION.  
WE DO NOT BELIEVE U.S. MISSION IS PRIMARY SOURCE OF IMPORTED GOODS  
ON BLACK MARKET, BUT WE HAVE FELT IT TO BE PRUDENT TO REVIEW  
THOROUGHLY OUR PROCEDURES AND TO CAUTION OUR PERSONNEL ABOUT  
THIS PROBLEM.  
CARGO

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC DEVELOPMENT, TECHNICAL ASSISTANCE, SPEECHES, SOCIAL CHANGE, PROFESSIONAL PERSONNEL  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 05 JUL 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** shawdg  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974KATHMA02710  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D740178-0392  
**From:** KATHMANDU  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19740773/aaaackrm.tel  
**Line Count:** 126  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION NEA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:**  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** KATHMANDU 2577 (NOTAL)  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** shawdg  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 01 JUL 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <01 JUL 2002 by elyme>; APPROVED <20 FEB 2003 by shawdg>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** MOVEMENT COALESCING TO RESTRICT FOREIGN ADVISORS  
**TAGS:** PDEV, EAID, NP, UN  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005